

**Introduced by Senator Torlakson**

February 15, 2005

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An act to add Chapter 4.1 (commencing with Section 50560) to Part 2 of Division 31 of the Health and Safety Code, relating to housing.

LEGISLATIVE COUNSEL'S DIGEST

SB 223, as introduced, Torlakson. Infill housing.

Existing law requires each city, county, or city and county to prepare and adopt a general plan for its jurisdiction that contains certain mandatory elements, including a housing element. One part of the housing element is an assessment of housing needs and an inventory of resources and constraints relevant to meeting those needs. The housing element also includes a program with a 5-year schedule of actions that the local government is undertaking or intends to undertake to implement the goals and objectives of the housing element. Existing law requires the housing element of a local general plan to identify adequate sites for affordable housing to be made available through appropriate zoning and development standards. A city, county, or city and county is required to submit a draft housing element or draft amendment to its housing element to the department for a determination of whether the draft complies with state law governing housing elements.

Existing law requires the Department of Housing and Community Development, the California Housing Finance Agency, and various other state and local agencies to administer programs to provide affordable housing through incentives to developers, rental housing assistance, and loans or grants for downpayment, interest subsidy, relocation, veterans' programs, and other home purchase assistance.

This bill would establish the Specific Plan Revolving Loan Program to be administered by the Department of Housing and Community

Development for the purpose of providing loans, to the extent funds are made available for this purpose, to cities, counties, and cities and counties to adopt specific plans or equivalent planning documents that provide for additional infill housing opportunities. The bill would require, as a condition of loan eligibility, that a specific plan or equivalent land use plan to meet specified criteria, including that it cover an area that is predominantly urbanized and served by public transportation and that it allow for the development of at least 200 new housing units in a nonmetropolitan area or 500 new housing units in a metropolitan area, at least 10% of which will be affordable to very low or low-income households.

The bill would limit the amount of a loan from the fund to \$1,000,000 for a term of not more than 10 years at 3% simple interest, except that the department would be permitted to forgive interest or principal, or both, on the loan or extend the term of the loan. The bill would require the department to adopt regulations to implement the program, but would authorize the department to administer the program using guidelines for 24 months from the date funds first become available and during that time the guidelines would not be subject to the Administrative Procedure Act.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Chapter 4.1 (commencing with Section 50560)  
2 is added to Part 2 of Division 31 of the Health and Safety Code,  
3 to read:

4  
5 CHAPTER 4.1. INFILL HOUSING

6  
7 50560. There is hereby established the Specific Plan  
8 Revolving Loan Program to be administered by the department  
9 for the purpose of providing loans to cities, counties, and city and  
10 counties to adopt specific plans or equivalent planning  
11 documents that provide for additional infill housing  
12 opportunities.

13 50561. (a) To the extent that funds are available, the  
14 department shall provide local assistance loans to cities, counties,  
15 or cities and counties, on a competitive basis, to adopt a specific

1 plan or equivalent land use plan that meets all of the following  
2 criteria:

3 (1) Covers an area that is “predominantly urbanized,” as  
4 defined in Section 33320.1.

5 (2) Covers an area that is served by public transportation.

6 (3) Allows for the development of at least 200 new housing  
7 units in a nonmetropolitan area or 500 new housing units in a  
8 metropolitan area, at least 10 percent of which will be affordable  
9 to very low or low-income households.

10 (4) At least one-half of the residential unit capacity shall be on  
11 parcels that are zoned for multifamily housing at densities  
12 described in subparagraph (B) of paragraph (3) of subdivision (c)  
13 of Section 65583.2 of the Government Code.

14 (5) Allows for the development of all housing units as a “use  
15 by right” as defined in subdivision (i) of Section 65583.2 of the  
16 Government Code.

17 (6) Has been subject to environmental review pursuant to the  
18 California Environmental Quality Act as set forth in Division 13  
19 (commencing with Section 21000) of the Public Resources Code.

20 (b) To be eligible for a loan under this chapter, the city,  
21 county, or city and county shall meet both of the following  
22 criteria:

23 (1) The city, county, or city and county either has adopted a  
24 revised housing element in accordance with Section 65588 of the  
25 Government Code that the department has found, pursuant to  
26 Section 65585 of the Government Code, to be in substantial  
27 compliance with the requirements of Article 10.6 (commencing  
28 with Section 65580) of Chapter 3 of Division 1 of Title 7 of the  
29 Government Code or has self-certified its housing element  
30 pursuant to Section 65585.1 of the Government Code.

31 (2) The city, county, or city and county has submitted to the  
32 department the annual progress report required by Section 65400  
33 of the Government Code within the preceding 12 months.

34 50562. (a) Loans made pursuant to this chapter shall not  
35 exceed one million dollars (\$1,000,000) and shall be for a term of  
36 not more than 10 years. It is the intent of the Legislature that the  
37 loans be repaid primarily by planning fees collected by the  
38 borrower against subsequent development in the community. The  
39 department, at its sole discretion, may forgive interest or  
40 principal, or both, on the loan or extend the term of the loan if it

1 determines that repayment will create an undue hardship on the  
2 community.

3 (b) A loan pursuant to this chapter shall incur 3 percent simple  
4 interest. If the specific plan or equivalent planning document that  
5 is the subject of the loan is not adopted within one year of the  
6 date established in the loan agreement, the interest rate shall be  
7 recalculated from the initial closing date of the loan agreement at  
8 the rate charged by the Pooled Money Investment Account.

9 (c) Loan funds may be used for staff costs, or the cost of a  
10 consulting contract, to process the specific plan, conduct  
11 environmental assessments or other necessary studies, and  
12 provide for public participation outside of regularly scheduled  
13 meetings of established governing bodies, including a planning  
14 commission, city council, or board of supervisors.

15 (d) (1) Subject to paragraph (2), the department shall adopt  
16 regulations for the administration of this chapter in accordance  
17 with Chapter 3.5 (commencing with Section 11340) of Part 1 of  
18 Division 2 of Title 3 of the Government Code.

19 (2) The department may administer this program using  
20 guidelines for 24 months from the date funds first become  
21 available, during which time those guidelines shall not be subject  
22 to the Administrative Procedure Act.